



U.S. Department
of
Housing and Urban Development
Public and Indian Housing

Special Attention of:	Notice	PIH 99-34 (TDHEs)
ONAP Administrators;	Issued:	August 11, 1999
Tribes; and Tribally	Expires:	August 31, 2000
Designated Housing		
Entities	Cross Reference:	24 CFR Part 1000

Subject: Dwelling Construction and Equipment (DC&E) Costs for Affordable Housing under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA)

1. Purpose: This Notice supersedes Notice PIH 98-63 (TDHE) same subject, dated December 18, 1998. This Notice transmits the schedule for the maximum amount of funds which may be used per unit for DC&E costs of developing affordable housing under NAHASHA. Minor changes were made to the schedules to update construction costs. The content of Notice PIH 98-63 (TDHE) has been incorporated into this Notice and provides a history and description of the DC&Es, as well as procedures for requesting a variance. Because of recent increases in the cost of construction, we are publishing new cost limits in less than a year in order to provide the most current information to tribes/tribally designated housing entities (TDHEs). The requirement for the development and imposition of these limits is found in 24 CFR 1000.156 of the Indian Housing Block Grant (IHBG) regulations published on March 12, 1998.
2. Background: Section 1000.156 of the IHBG regulations requires the Department to establish a limit on the amount of IHBG funds which may be used per unit for the dwelling construction and equipment (DC&E) cost of a housing unit. In past development programs, there was a limit called Total Development Cost which included an amount for the DC&E as well as other costs associated with developing a project. Under NAHASDA, these other costs, including administration, planning, site

acquisition, water and sewer, demolition, and financing may be eligible NAHASDA costs but are not subject to the DC&E limit.

3. Applicability: All housing units developed with IHBG funds are covered by the provisions of this Notice. Funds initially provided under the U.S. Housing Act of 1937 that were in possession or control of an Indian Housing Authority and unobligated on the effective date of NAHASDA are covered by NAHASDA as stated in Section 210, and therefore by the provisions of this Notice.
4. Responsibility: The tribe/TDHE is responsible for ensuring that the amount of IHBG funds used for each unit does not exceed these limits. The tribe/TDHE must maintain records showing that housing was developed in keeping with this, and other applicable requirements.
5. DC&E: A DC&E is published for each tribe and covers the tribally recognized land base. It specifies the bedroom size for single family units (one to four units). The DC&E costs include all construction costs (including profit and overhead of a contractor) of an individual dwelling within five feet of the foundation. It excludes any administrative, planning, financing, site acquisition, utility development, and site development more than five feet from the foundation. DC&E amounts are based on a moderately designed house and are determined by averaging the current construction costs as listed in two nationally recognized residential construction cost indices for publicly bid construction of a good and sound quality. Multipliers for each area are applied against these basic numbers to provide costs that are specific to each geographical location. These indices draw their data from surveys of construction costs in each specific area.
6. Variance: If a tribe/TDHE determines that the published DC&E amounts are not representative of construction costs in its area, it may provide HUD with relevant information and request a re-evaluation. Relevant information could include data showing that materials needed have significantly increased since the publication date of the most recent DC&Es, that natural disasters occurring after the publication date of the most recent DC&Es have caused an increase in construction costs, data showing that the Area Office on Native American Programs (AONAP) has worked with the tribe/TDHE to lower the costs of the project, etc. If a tribe/TDHE chooses to fund the development of housing outside of its tribally recognized

land base, thereby rendering the published DC&Es for that tribe inapplicable for that specific housing, it shall request DC&Es that are appropriate for that housing. If a tribe/TDHE decides to fund the development of housing of a construction type which is not covered by these DC&Es, it shall request HUD to provide DC&E costs specific to the type of housing it is developing. These special requests shall be sent to the AONAP for evaluation. The AONAP Administrator has authority to approve variances up to 105% of the published DC&E. The AONAP will work with the National ONAP to develop appropriate DC&Es. Variances beyond 105% must be approved by the Deputy Assistant Secretary for Native American Programs.

7. Time Adjustments: Data used for the calculation of the DC&Es have been adjusted for time to coincide with the publication. No additional adjustments to the published DC&Es are authorized.

/s/Harold Lucas
Assistant Secretary for Public
and Indian Housing

Attachment